



CBRE Medical Office 2010 Outlook

Prepared By:

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Chris Bodnar is a Vice President of the CB Richard Ellis Investment Properties division. Disciplined in the specialty of Investment Sales, Mr. Bodnar has been involved in over 60 transactions consisting of over 3.21 million SF, exceeding a total value of \$500 million dollars on behalf of his clients. Through his affiliation with the Private Client Group, Mr. Bodnar has access to an internationally shared database of more than 150,000 investors.

Mr. Bodnar graduated from the University of Colorado at Boulder with a Bachelor of Science Degree in Business Administration and an emphasis in Commercial Real Estate and Marketing.

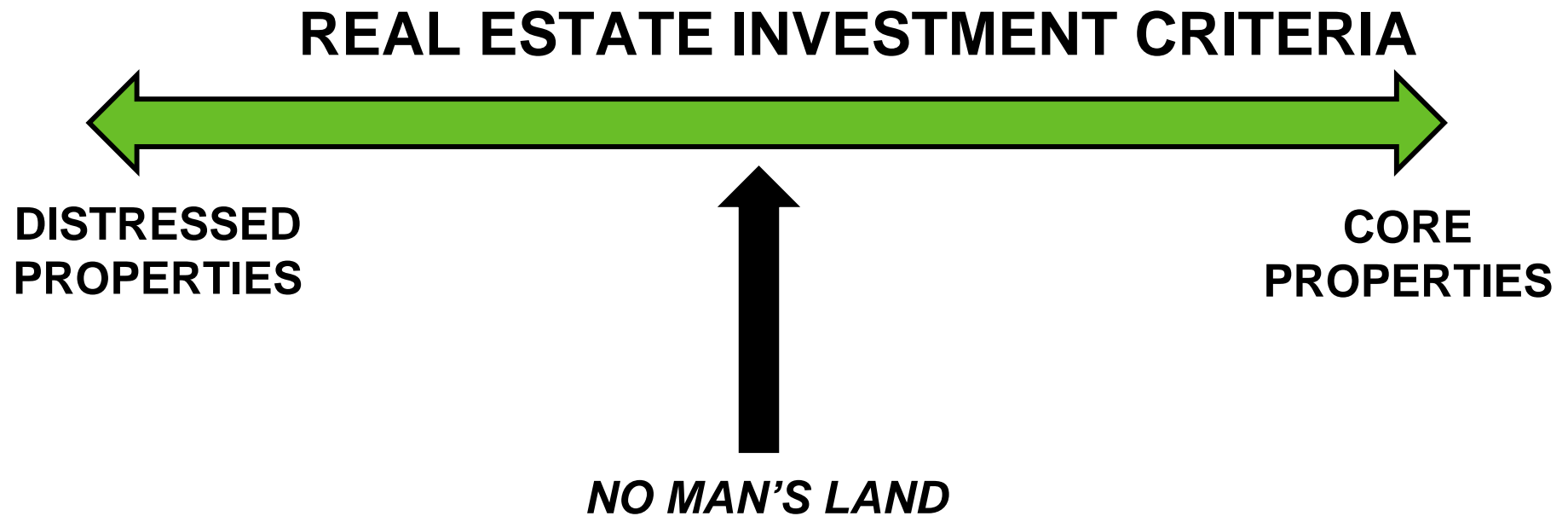
LEADERSHIP / PROFESSIONAL AFFILIATIONS

- Advisory Board Member of the *Healthcare Real Estate Insights* publication
- Member of Healthcare Financial Management Association (HFMA)
- Member of National Association of Industrial and Office Properties (NAIOP)

RECENT MEDICAL OFFICE DISPOSITION ASSIGNMENTS

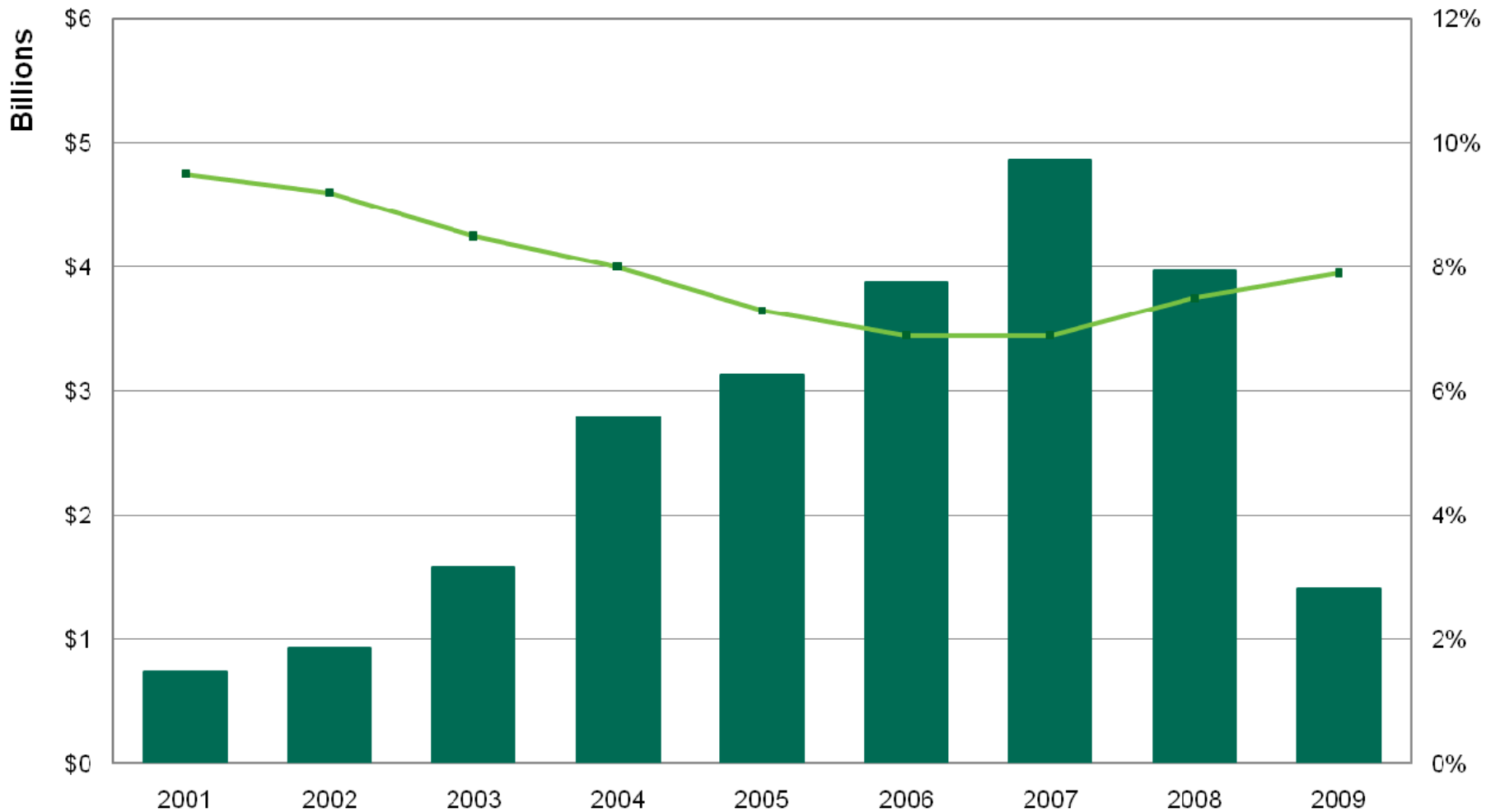
- DSG Medical Portfolio - \$50,000,000
- Renaissance Medical Centre - \$30,200,000
- Global Healthcare Exchange Headquarters - \$16,800,000
- Highlands Ranch Healthcare Plaza - \$14,500,000
- Pavilion Medical Center - \$9,250,000
- Highlands Ranch Medical Pavilion - \$9,200,000
- Range Vista Medical Center - \$5,250,000
- Lincoln Court Medical Center - \$4,970,000
- Gateway Medical Center - \$4,700,000
- Centennial Medical Center - \$3,100,000

2010 – Year of Polar Opposites



Historic Medical Office Transaction Trends

U.S. Medical Office Sales Volume / Capitalization Rates

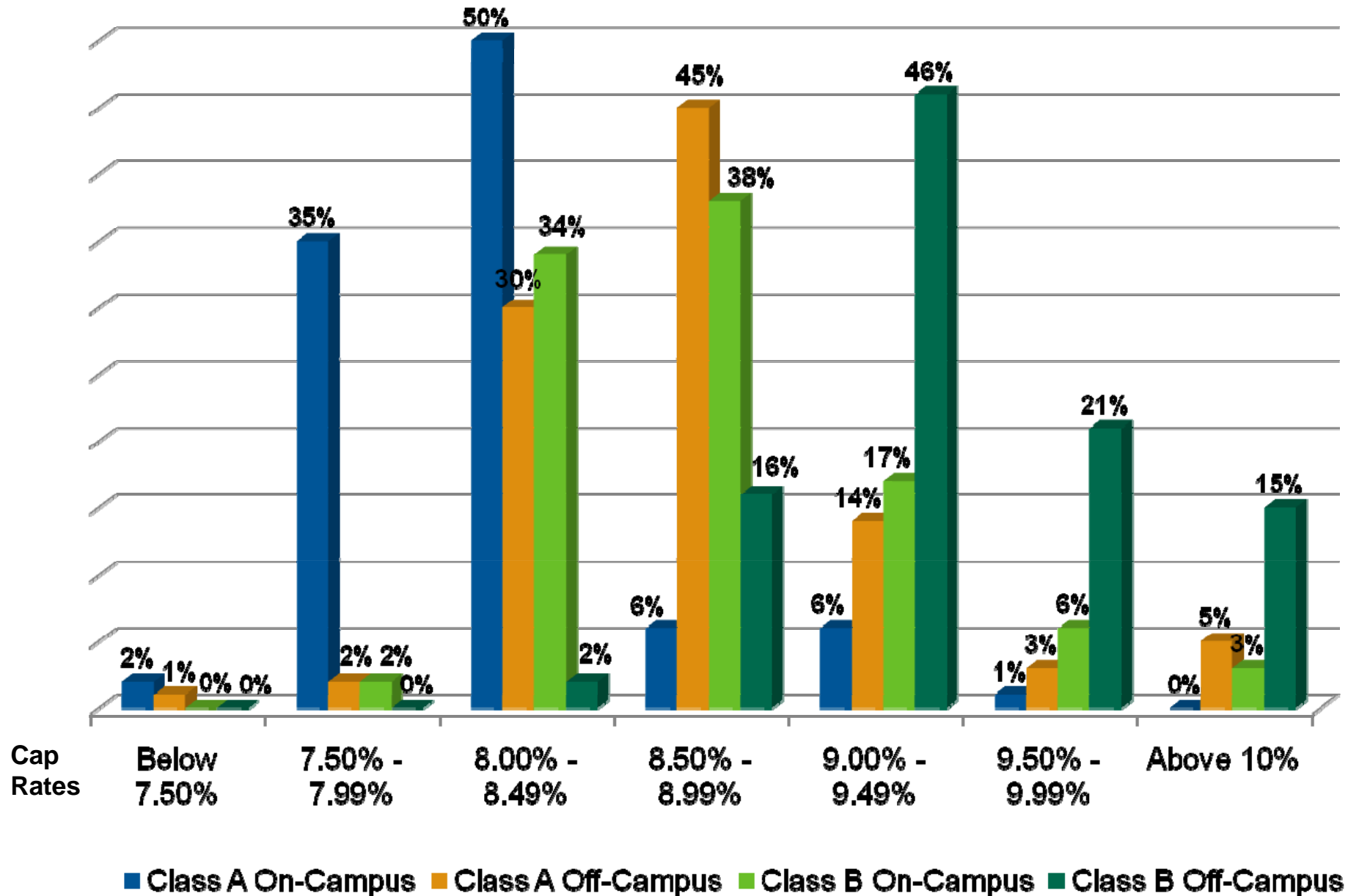


Source: Real Capital Analytics







■ Total U.S. Medical Office Sales Volume — Avg Cap Rate

CBRE Medical Office Investor Survey

Q: What will be a “market” capitalization rate for medical office in 2010?



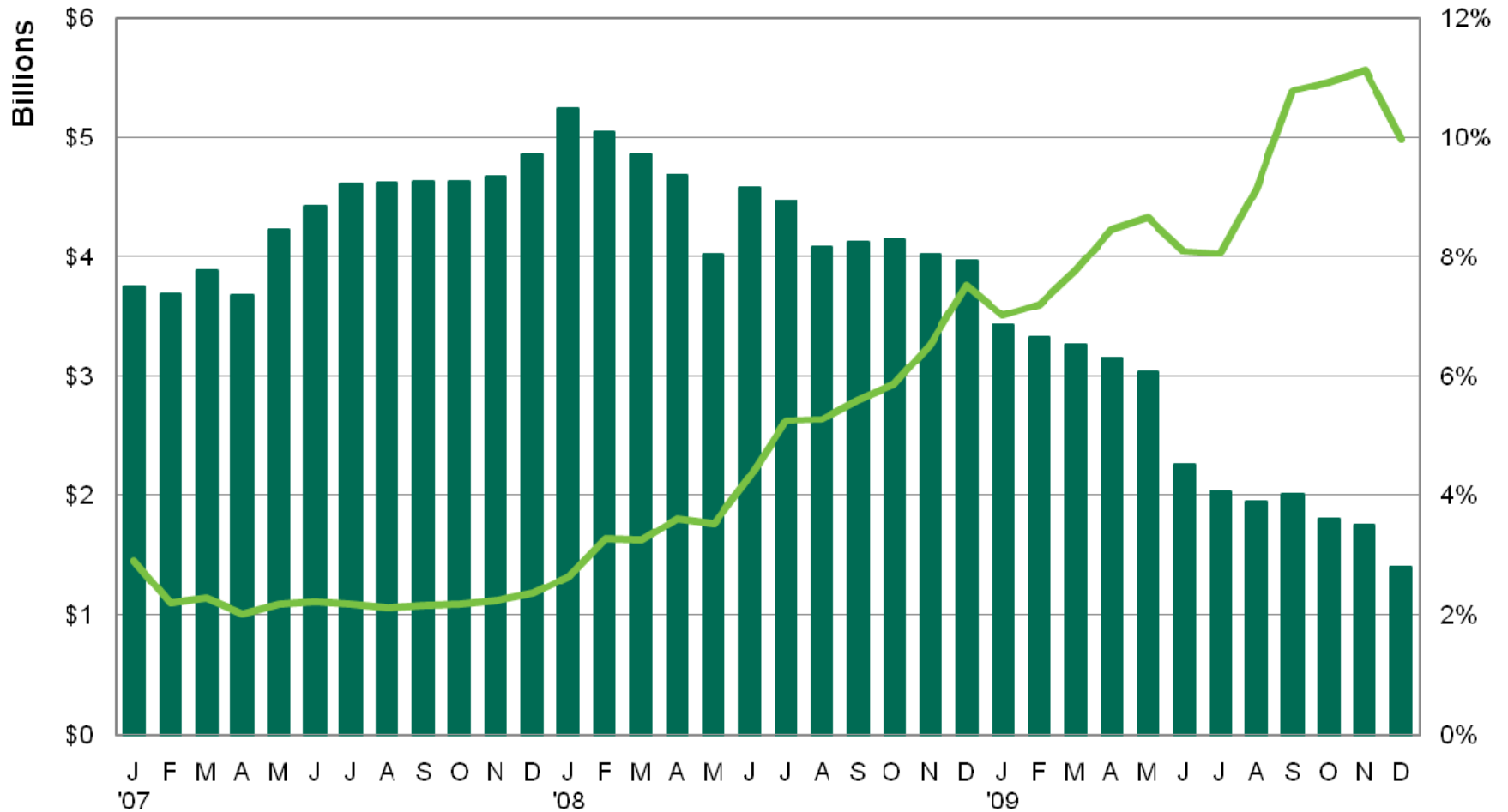
Recent Colorado Medical Office Sale Activity

	Property	Sale Date	Sales Price	Size	% Leased	Year Built	Cap Rate
	DSG Medical Office Portfolio	Pre-Marketing	Est. \$50,000,000 / \$300 PSF	167,153 SF	95%	2007 & 2008	TBD
	Gateway Medical Center	Marketing	\$4,700,000 / \$146 PSF (List)	32,180 SF	91%	1985	8.61% (List)
	Highlands Ranch Medical Pavilion	Under Contract	\$9,200,000 / \$249 PSF (List)	36,872 SF	94%	1999	7.82% (List)
	Clear Creek Surgery Center	Under Contract	\$4,400,000 / \$299 PSF (List)	16,695 SF	100%	2004	8.57% (List)
	Hampden Place Medical Center	December 2009	\$18,600,000 / \$280 PSF	66,338 SF	100%	2004	8.42%
	Avista II Medical Plaza	November 2009	\$20,250,000 / \$253 PSF	80,083 SF	97%	2003	7.75%

Medical Office Transaction Trends

U.S. Medical Office Sales Volume as a % of All Office Sales...

323% Increase Since Beginning of the Recession



Source: Real Capital Analytics

MOB \$ Volume (Rolling 12 Months)
 MOB as a % of total Office

*In times of volatility, investors retreat to **SAFETY.***

- Longer Term Leases
- Low Tenant Turnover
- Higher Occupancy Rates
- Typically NNN Reimbursement Structure
- Historically Tested Product Type
- Strong Industry Employment #'s
- 17.3% of GDP *
- Aging Population

* Source - Centers for Medicare & Medicaid Services

There are many reasons for optimism...

- Most life lenders are back in the market with big allocations for 2010
- At least nine CMBS platforms are now back in the market, seeking deals and closing loans. Expect a multi-borrower securitization of \$500 million+ by mid year 2010
- Rates remain low with 5 year rates in the 5.25% to 5.75% range at the 65% LTV level; ten year rates are around 6.0 - 6.5%.
- CMBS and some insurance companies will quote to 75% LTV
- There is no longer a yield premium for a large (\$100 million+) deal
- MOBs are now a preferred asset class with many lenders

“People will continue to get sick, and they will continue to need facilities to house where they get care. This, of course, hasn’t escaped the attention of the investment community,”

- Phil Mobley, Kingsley Associates

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